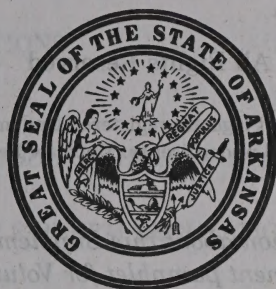


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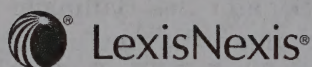
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PART 1 — GENERAL PROVISIONS

SUBPART 1

SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS

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SECTION.

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4-9-102. Definitions and index of definitions.

(a) In this chapter:

(1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

(2) "Account", except as used in "account for", means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commer-

cial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

(3) "Account debtor" means a person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

(4) "Accounting", except as used in "accounting for", means a record:

(A) authenticated by a secured party;

(B) indicating the aggregate unpaid secured obligations as of a date not more than thirty-five (35) days earlier or thirty-five (35) days later than the date of the record; and

(C) identifying the components of the obligations in reasonable detail.

(5) "Agricultural lien" means an interest, other than a security interest or a landlord's lien under § 18-41-101 or § 18-41-103, in farm products:

(A) which secures payment or performance of an obligation for:

(i) goods or services furnished in connection with a debtor's farming operation; or

(ii) rent on real property leased by a debtor in connection with its farming operation;

(B) which is created by statute in favor of a person that:

(i) in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(ii) leased real property to a debtor in connection with the debtor's farming operation; and

(C) whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(A) oil, gas, or other minerals that are subject to a security interest that:

(i) is created by a debtor having an interest in the minerals before extraction; and

(ii) attaches to the minerals as extracted; or

(B) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.

(7) "Authenticate" means:

(A) to sign; or

(B) with present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process.

(8) "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

(11) "Chattel paper" means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this paragraph, "monetary obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

(12) "Collateral" means the property subject to a security interest or agricultural lien. The term includes:

(A) proceeds to which a security interest attaches;

(B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(C) goods that are the subject of a consignment.

(13) "Commercial tort claim" means a claim arising in tort with respect to which:

(A) the claimant is an organization; or

(B) the claimant is an individual and the claim:

(i) arose in the course of the claimant's business or profession; and

(ii) does not include damages arising out of personal injury to or the death of an individual.

(14) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

(15) "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

(A) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

(B) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

(16) "Commodity customer" means a person for which a commodity intermediary carries a commodity contract on its books.

(17) "Commodity intermediary" means a person that:

(A) is registered as a futures commission merchant under federal commodities law; or

(B) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(18) "Communicate" means:

(A) to send a written or other tangible record;

(B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or

(C) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing office rule.

(19) "Consignee" means a merchant to which goods are delivered in a consignment.

(20) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) the merchant:

(i) deals in goods of that kind under a name other than the name of the person making delivery;

(ii) is not an auctioneer; and

(iii) is not generally known by its creditors to be substantially engaged in selling the goods of others;

(B) with respect to each delivery, the aggregate value of the goods is one thousand dollars (\$1,000) or more at the time of delivery;

(C) the goods are not consumer goods immediately before delivery; and

(D) the transaction does not create a security interest that secures an obligation.

(21) "Consignor" means a person that delivers goods to a consignee in a consignment.

(22) "Consumer debtor" means a debtor in a consumer transaction.

(23) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) "Consumer-goods transaction" means a consumer transaction in which:

(A) an individual incurs an obligation primarily for personal, family, or household purposes; and

(B) a security interest in consumer goods secures the obligation.

(25) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

(26) "Consumer transaction" means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or house-

hold purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

(27) "Continuation statement" means an amendment of a financing statement which:

(A) identifies, by its file number, the initial financing statement to which it relates; and

(B) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(28) "Debtor" means:

(A) a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) a consignee.

(29) "Deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

(30) "Document" means a document of title or a receipt of the type described in § 4-7-201(b).

(31) "Electronic chattel paper" means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(32) "Encumbrance" means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

(33) "Equipment" means goods other than inventory, farm products, or consumer goods.

(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) crops grown, growing, or to be grown, including:

(i) crops produced on trees, vines, and bushes; and

(ii) aquatic goods produced in aquacultural operations;

(B) livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) supplies used or produced in a farming operation; or

(D) products of crops or livestock in their unmanufactured states.

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement pursuant to § 4-9-519(a).

(37) "Filing office" means an office designated in § 4-9-501 as the place to file a financing statement.

(38) "Filing office rule" means a rule adopted pursuant to § 4-9-526.

(39) "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

(40) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying § 4-9-502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

(41) "Fixtures" means goods that have become so related to particular real property that an interest in them arises under real property law.

(42) "General intangible" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

(43) [Reserved.]

(44) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

(45) "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

(46) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided.

(47) "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) invest-

ment property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

(48) "Inventory" means goods, other than farm products, which:

(A) are leased by a person as lessor;

(B) are held by a person for sale or lease or to be furnished under a contract of service;

(C) are furnished by a person under a contract of service; or

(D) consist of raw materials, work in process, or materials used or consumed in a business.

(49) "Investment property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

(50) "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction under whose law the organization is organized.

(51) "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) "Lien creditor" means:

(A) a creditor that has acquired a lien on the property involved by attachment, levy, or the like;

(B) an assignee for benefit of creditors from the time of assignment;

(C) a trustee in bankruptcy from the date of the filing of the petition; or

(D) a receiver in equity from the time of appointment.

(53) "Manufactured home" means a structure, transportable in one (1) or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

(54) "Manufactured-home transaction" means a secured transaction:

(A) that creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(B) in which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

(55) "Mortgage" means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

(56) "New debtor" means a person that becomes bound as debtor under § 4-9-203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) "Noncash proceeds" means proceeds other than cash proceeds.

(59) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

(60) "Original debtor", except as used in § 4-9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under § 4-9-203(d).

(61) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation.

(62) "Person related to", with respect to an individual, means:

(A) the spouse of the individual;

(B) a brother, brother-in-law, sister, or sister-in-law of the individual;

(C) an ancestor or lineal descendant of the individual or the individual's spouse; or

(D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

(63) "Person related to", with respect to an organization, means:

(A) a person directly or indirectly controlling, controlled by, or under common control with the organization;

(B) an officer or director of, or a person performing similar functions with respect to, the organization;

(C) an officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (A);

(D) the spouse of an individual described in subparagraph (A), (B), or (C); or

(E) an individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual.

(64) "Proceeds", except as used in § 4-9-609(b), means the following property:

(A) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(B) whatever is collected on, or distributed on account of, collateral;

(C) rights arising out of collateral;

(D) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

(E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

(65) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

(66) "Proposal" means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to §§ 4-9-620, 4-9-621, and 4-9-622.

(67) "Public-finance transaction" means a secured transaction in connection with which:

(A) debt securities are issued;

(B) all or a portion of the securities issued have an initial stated maturity of at least twenty (20) years; and

(C) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a state or a governmental unit of a state.

(68) "Public organic record" means a record that is available to the public for inspection and is:

(A) a record consisting of the record initially filed with or issued by a State or the United States to form or organize an organization and any record filed with or issued by the State or the United States which amends or restates the initial record;

(B) an organic record of a business trust consisting of the record initially filed with a State and any record filed with the State which amends or restates the initial record, if a statute of the State governing business trusts requires that the record be filed with the State; or

(C) a record consisting of legislation enacted by the legislature of a State or the Congress of the United States which forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the State or the United States which amends or restates the name of the organization.

(69) "Pursuant to commitment", with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

(70) [Repealed.]

(71) "Record", except as used in "for record", "of record", "record or legal title", and "record owner", means information that is inscribed on

a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

(72) "Registered organization" means an organization formed or organized solely under the law of a single State or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the State or the United States. The term includes a business trust that is formed or organized under the law of a single State if a statute of the State governing business trusts requires that the business trust's organic record be filed with the State.

(73) "Secondary obligor" means an obligor to the extent that:

(A) the obligor's obligation is secondary; or

(B) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

(74) "Secured party" means:

(A) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that holds an agricultural lien;

(C) a consignor;

(D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) a person that holds a security interest arising under § 4-2-401, § 4-2-505, § 4-2-711(3), § 4-2A-508(5), § 4-4-210, or § 4-5-118.

(75) "Security agreement" means an agreement that creates or provides for a security interest.

(76) "Send", in connection with a record or notification, means:

(A) to deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or

(B) to cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A).

(77) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

(78) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(79) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the payment or performance of an account,

chattel paper, a document, a general intangible, an instrument, or investment property.

(80) "Tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

(81) "Termination statement" means an amendment of a financing statement which:

(A) identifies, by its file number, the initial financing statement to which it relates; and

(B) indicates either that it is a termination statement or that the identified financing statement is no longer effective.

(82) "Transmitting utility" means a person primarily engaged in the business of:

(A) operating a railroad, subway, street railway, or trolley bus;

(B) transmitting communications electrically, electromagnetically, or by light;

(C) transmitting goods by pipeline or sewer; or

(D) producing or transmitting electricity, steam, gas, or water.

(b) "Control" as provided in § 4-7-106 and the following definitions in other chapters apply to this chapter:

"Applicant". Section 4-5-102.

"Beneficiary". Section 4-5-102.

"Broker". Section 4-8-102.

"Certificated security". Section 4-8-102.

"Check". Section 4-3-104.

"Clearing corporation". Section 4-8-102.

"Contract for sale". Section 4-2-106.

"Customer". Section 4-4-104.

"Entitlement holder". Section 4-8-102.

"Financial asset". Section 4-8-102.

"Holder in due course". Section 4-3-302.

"Issuer" (with respect to a letter of credit or letter-of-credit right). Section 4-5-102.

"Issuer" (with respect to a security). Section 4-8-201.

"Issuer" (with respect to documents of title). Section 4-7-102.

"Lease". Section 4-2A-103.

"Lease agreement". Section 4-2A-103.

"Lease contract". Section 4-2A-103.

"Leasehold interest". Section 4-2A-103.

"Lessee". Section 4-2A-103.

"Lessee in ordinary course of business". Section 4-2A-103.

"Lessor". Section 4-2A-103.

"Lessor's residual interest". Section 4-2A-103.

"Letter of credit". Section 4-5-102.

"Merchant". Section 4-2-104.

"Negotiable instrument". Section 4-3-104.

"Nominated person". Section 4-5-102.

"Note". Section 4-3-104.

"Proceeds of a letter of credit". Section 4-5-114.

"Prove". Section 4-3-103.

"Sale". Section 4-2-106.

"Securities account". Section 4-8-501.

"Securities intermediary". Section 4-8-102.

"Security". Section 4-8-102.

"Security certificate". Section 4-8-102.

"Security entitlement". Section 4-8-102.

"Uncertificated security". Section 4-8-102.

"Virtual currency". Section 4-11-102.

(c) Chapter 1 contains general definitions and principles of construction and interpretation applicable throughout this chapter.

History. Acts 2001, No. 1439, § 1; 2003, No. 32, § 2; 2003, No. 204, § 3; 2005, No. 856, § 56; 2007, No. 342, §§ 26, 27; 2013, No. 138, §§ 1-4; 2021, No. 1078, § 1.

Amendments. The 2021 amendment added "Virtual currency" in (b).

4-9-107. Control of letter-of-credit right — Control of virtual currency.

(a) A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or any nominated person if the issuer or nominated person has consented to an assignment of proceeds of the letter of credit under § 4-5-114(c) or otherwise applicable law or practice.

(b) A secured party has control of a virtual currency as provided in § 4-11-105.

History. Acts 2001, No. 1439, § 1; 2021, No. 1078, § 2.

Amendments. The 2021 amendment added "Control of virtual currency" in the section heading; added the (a) designation; and added (b).

PART 3 — PERFECTION AND PRIORITY

SUBPART 2

PERFECTION

Sec.
SECTION.

SECTION.

4-9-310. When filing required to perfect security interest or agricultural lien — Security interests and agricultural liens to which filing provisions do not apply.

4-9-312. Perfection of security interests in chattel paper, deposit accounts, documents,

goods covered by documents, instruments, investment property, virtual currencies, letter-of-credit rights, and money — Perfection by permissive filing — Temporary perfection without filing or transfer of possession.

4-9-314. Perfection by control.

4-9-310. When filing required to perfect security interest or agricultural lien — Security interests and agricultural liens to which filing provisions do not apply.

(a) Except as otherwise provided in subsection (b) and § 4-9-312(b), a financing statement must be filed to perfect all security interests and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest:

- (1) that is perfected under § 4-9-308(d), (e), (f), or (g);
- (2) that is perfected under § 4-9-309 when it attaches;
- (3) in property subject to a statute, regulation, or treaty described in § 4-9-311(a);
- (4) in goods in possession of a bailee which is perfected under § 4-9-312(d)(1) or (2);
- (5) in certificated securities, documents, goods, or instruments which is perfected without filing or possession under § 4-9-312(e), (f), or (g);
- (6) in collateral in the secured party's possession under § 4-9-313;
- (7) in a certificated security which is perfected by delivery of the security certificate to the secured party under § 4-9-313;
- (8) in deposit accounts, electronic chattel paper, electronic documents, investment property, virtual currencies, or letter-of-credit rights which is perfected by control under § 4-9-314;
- (9) in proceeds which is perfected under § 4-9-315; or
- (10) that is perfected under § 4-9-316.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

History. Acts 2001, No. 1439, § 1; **Amendments.** The 2021 amendment 2007, No. 342, § 32; 2021, No. 1078, § 3. inserted "virtual currencies" in (b)(8).

4-9-312. Perfection of security interests in chattel paper, deposit accounts, documents, goods covered by documents, instruments, investment property, virtual currencies, letter-of-credit rights, and money — Perfection by permissive filing — Temporary perfection without filing or transfer of possession.

(a) A security interest in chattel paper, negotiable documents, instruments, investment property, and virtual currencies may be perfected by filing.

(b) Except as otherwise provided in § 4-9-315(c) and (d) for proceeds:

- (1) a security interest in a deposit account may be perfected only by control under § 4-9-314;
- (2) and except as otherwise provided in § 4-9-308(d), a security interest in a letter-of-credit right may be perfected only by control under § 4-9-314; and

(3) a security interest in money may be perfected only by the secured party's taking possession under § 4-9-313.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(1) a security interest in the goods may be perfected by perfecting a security interest in the document; and

(2) a security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

(d) While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

(1) issuance of a document in the name of the secured party;

(2) the bailee's receipt of notification of the secured party's interest;

or

(3) filing as to the goods.

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of twenty (20) days from the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

(f) A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for twenty (20) days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(1) ultimate sale or exchange; or

(2) loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange.

(g) A perfected security interest in a certificated security or instrument remains perfected for twenty (20) days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

(1) ultimate sale or exchange; or

(2) presentation, collection, enforcement, renewal, or registration of transfer.

(h) After the twenty-day period specified in subsection (e), (f), or (g) expires, perfection depends upon compliance with this chapter.

History. Acts 2001, No. 1439, § 1; 2007, No. 342, § 33; 2021, No. 1078, § 4. **Amendments.** The 2021 amendment inserted "and virtual currencies" in (a).

4-9-314. Perfection by control.

(a) A security interest in investment property, deposit accounts, letter-of-credit rights, virtual currencies, electronic chattel paper, or electronic documents may be perfected by control of the collateral under § 4-7-106, § 4-9-104, § 4-9-105, § 4-9-106, or § 4-9-107.

(b) A security interest in deposit accounts, electronic chattel paper, virtual currencies, letter-of-credit rights, or electronic documents is perfected by control under § 4-7-106, § 4-9-104, § 4-9-105, § 4-9-106, or § 4-9-107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under § 4-9-106 from the time the secured party obtains control and remains perfected by control until:

(1) the secured party does not have control; and

(2) one of the following occurs:

(A) if the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(B) if the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

(C) if the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

History. Acts 2001, No. 1439, § 1; **Amendments.** The 2021 amendment 2007, No. 342, § 35; 2021, No. 1078, § 5. inserted “virtual currencies” in (a) and (b).

SUBPART 3

PRIORITY

Sec.

SECTION.

4-9-331. Priority of rights of purchasers of instruments, documents, securities, and virtual currencies under other chapters — Priority of interests in financial assets and security entitlements under Chapter 8 and virtual currencies under Chapter 11.

4-9-331. Priority of rights of purchasers of instruments, documents, securities, and virtual currencies under other chapters — Priority of interests in financial assets and security entitlements under Chapter 8 and virtual currencies under Chapter 11.

(a) This chapter does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, a protected purchaser of a security, or a qualifying purchaser of a virtual currency. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Chapter 3, Chapter 7, Chapter 8, and Chapter 11.

(b) This chapter does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Chapter 8 or Chapter 11.

(c) Filing under this chapter does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in subsections (a) and (b).

History. Acts 2001, No. 1439, § 1; 2021, No. 1078, § 6.

Amendments. The 2021 amendment added “and virtual currencies” and “and virtual currencies under Chapter 11” in the section heading; in (a), added “or a qualifying purchaser of a virtual currency” in the first sentence and “and Chapter 11” in the second sentence; and added “or Chapter 11” to the end of (b).

CHAPTER 11

VIRTUAL CURRENCY

SECTION.

4-11-101. Short title.

4-11-102. Definitions.

4-11-103. Scope.

SECTION.

4-11-104. Rights in virtual currency.

4-11-105. Control of virtual currency.

4-11-106. Savings clause.

4-11-101. Short title.

This chapter may be cited as Uniform Commercial Code—Virtual Currency of Arkansas.

History. Acts 2021, No. 1078, § 7.

4-11-102. Definitions.

In this chapter, “virtual currency”:

(1) means a digital representation of value that:

(A) is used as a medium of exchange, unit of account, or store of value; and

(B) is not legal tender, whether or not denominated in legal tender; and

(2) does not include:

(A) a transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with the merchant for legal tender, bank credit, or virtual currency; or

(B) a digital representation of value issued by or on behalf of a publisher and used solely within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform.

History. Acts 2021, No. 1078, § 7.

4-11-103. Scope.

This chapter applies to virtual currency.

History. Acts 2021, No. 1078, § 7.

4-11-104. Rights in virtual currency.

(a) In this section:

(1) “Adverse claim” means a claim that a claimant has a property interest in a virtual currency and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the virtual currency.

(2) “Qualifying purchaser” means a purchaser that obtains control of a virtual currency for value and without notice of any adverse claim.

(b) Subject to subsections (c) through (h), law other than this chapter determines whether a person acquires rights in a virtual currency and the rights that the person acquires.

(c) A purchaser of a virtual currency acquires all rights in the virtual currency that the transferor had or had power to transfer.

(d) A purchaser of a limited interest in a virtual currency acquires rights only to the extent of the interest purchased.

(e) In addition to acquiring the rights of a purchaser, a qualifying purchaser acquires its rights in a virtual currency free of any adverse claim.

(f) An action based on an adverse claim to a virtual currency, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a qualifying purchaser that acquires its interest in, and obtains control of, the virtual currency for value and without notice of the adverse claim.

(g) A person has notice of an adverse claim if:

(1) the person knows of the adverse claim; or

(2) the person is aware of facts sufficient to indicate that there is a significant probability that the adverse claim exists and deliberately avoids information that would establish the existence of the adverse claim.

(h) Filing of a financing statement under Chapter 9 is not notice of an adverse claim to a virtual currency.

History. Acts 2021, No. 1078, § 7.

4-11-105. Control of virtual currency.

(a) A person has “control” of a virtual currency if the following conditions are met:

(1) the virtual currency or the system in which it is recorded, if any, gives the person:

(A) the power to derive substantially all the benefit from the virtual currency;

(B) subject to subsection (b), the exclusive power to prevent others from deriving substantially all the benefit from the virtual currency; and

(C) subject to subsection (b), the exclusive power to transfer control of the virtual currency to another person or cause another

- person to obtain control of a virtual currency that derives from the virtual currency; and
- (2) the virtual currency, a record attached to or logically associated with the virtual currency, or the system in which the virtual currency is recorded, if any, enables the person to readily identify itself as having the powers specified in subparagraph (a)(1).
- (b) A power specified in subparagraph (a)(1)(B) or (a)(1)(C) can be exclusive, even if:
- (1) the virtual currency or the system in which it is recorded, if any, limits the use to which the virtual currency may be put or has protocols that are programmed to result in a transfer of control; and
- (2) the person has agreed to share the power with another person.
- (c) For the purposes of subparagraph (a)(2), a person may be identified in any way, including by name, identifying number, cryptographic key, office, or account number.

History. Acts 2021, No. 1078, § 7.

4-11-106. Savings clause.

This chapter does not affect an action, case, or proceeding commenced before this chapter takes effect.

History. Acts 2021, No. 1078, § 7.

CHAPTERS 12-15

[Reserved.]

SUBTITLE 2. MISCELLANEOUS COMMERCIAL LAW PROVISIONS

CHAPTER 21

JURISDICTION OVER FIREARM REGULATION

SECTION.	SECTION.
4-21-101. Scope.	4-21-104. Marketing of firearms.
4-21-102. Definitions.	4-21-105. Unlawful enforcement of federal statutes.
4-21-103. Prohibitions.	

4-21-101. Scope.

(a)(1) The Tenth Amendment to the United States Constitution guarantees to the states and their people all powers not granted to the United States Government elsewhere in the United States Constitution and reserves to the State of Arkansas and its people certain powers as those powers were understood at the time that Arkansas was admitted into statehood in 1836.

(2) The guaranty of those powers is a matter of contract between the State of Arkansas and its people and the United States as of the time that the compact with the United States was agreed upon and adopted by Arkansas and the United States in 1836.

(b)(1) The Ninth Amendment to the United States Constitution guarantees to the people rights not granted in the United States Constitution and reserves to the people of Arkansas certain rights as they were understood at the time that Arkansas was admitted into statehood in 1836.

(2) The guaranty of those rights is a matter of contract between the State of Arkansas and its people and the United States as of the time that the compact with the United States was agreed upon and adopted by Arkansas and the United States in 1836.

(c) The regulation of intrastate commerce is vested in the states under the Ninth and Tenth Amendments to the United States Constitution.

(d) The Second Amendment to the United States Constitution reserves the right to keep and bear arms to the people as that right was understood at the time that Arkansas was admitted into statehood in 1836, and the guaranty of the right is a matter of contract between the State of Arkansas and its people and the United States as of the time that the compact with the United States was agreed upon and adopted by Arkansas and the United States in 1836.

(e)(1) Arkansas Constitution, Article 2, § 5, clearly secures to Arkansas citizens and prohibits government interference with the right of individual Arkansas citizens to keep and bear arms.

(2) This constitutional protection is unchanged from the 1836 Arkansas Constitution, which was approved by the United States Congress and the people of Arkansas, and the right exists as it was understood at the time that the compact with the United States was agreed upon and adopted by Arkansas and the United States in 1836.

History. Acts 2021, No. 872, § 1.

4-21-102. Definitions.

As used in this chapter:

(1) "Borders of Arkansas" means the boundaries of Arkansas described in Arkansas Constitution, Article 1;

(2) "Firearms accessory" means an item that is used in conjunction with or mounted upon a firearm but is not essential to the basic function of a firearm, including without limitation telescopic or laser sights, magazines, flash or sound suppressors, folding or aftermarket stocks and grips, speedloaders, ammunition carriers, and lights for target illumination;

(3) "Generic and insignificant part" means a small component used in the manufacture of a firearm, including without limitation a spring, a screw, a nut, or a pin; and

(4) "Manufactured" means that a firearm, a firearm accessory, or ammunition has been created from basic materials for functional usefulness, including without limitation forging, casting, machining, or other processes for working materials.

History. Acts 2021, No. 872, § 1.

4-21-103. Prohibitions.

(a) A personal firearm, a firearms accessory, or ammunition that is manufactured commercially or privately in Arkansas and that remains within the borders of Arkansas is not subject to federal law or federal regulation, including registration, under the authority of the United States Congress to regulate interstate commerce, as those items have not traveled in interstate commerce.

(b)(1) This chapter applies to a firearm, a firearms accessory, or ammunition that is manufactured in Arkansas from basic materials and that can be manufactured without the inclusion of any significant parts imported from another state.

(2) Generic and insignificant parts that have other manufacturing or consumer product applications that are not firearms, firearms accessories, or ammunition that are imported into Arkansas and incorporated into a firearm, a firearm accessory, or ammunition manufactured in Arkansas do not subject the firearm, firearm accessory, or ammunition to federal regulation.

(3) Basic materials, such as unmachined steel and unshaped wood, are not firearms, firearms accessories, or ammunition and are not subject to congressional authority to regulate firearms, firearms accessories, and ammunition under interstate commerce as if they were actually firearms, firearms accessories, or ammunition.

(4) The authority of the United States Congress to regulate interstate commerce in basic materials does not include authority to regulate firearms, firearms accessories, and ammunition made in Arkansas from the materials contained in this subsection as long as the firearm is not taken or sold outside the boundaries of the State of Arkansas.

(c) Firearms accessories that are imported into Arkansas from another state and that are subject to federal regulation as being in interstate commerce do not subject a firearm to federal regulation under interstate commerce because they are attached to or used in conjunction with a firearm in Arkansas.

(d) This section does not apply to:

(1) A firearm that cannot be carried and used by one (1) person;

(2) A firearm that has a bore diameter greater than one and one-half inches (1 ½") and that uses smokeless powder, not black powder, as a propellant;

(3) Ammunition with a projectile that explodes using an explosion of chemical energy after the projectile leaves the firearm; or

(4) Other than shotguns, a firearm that discharges two (2) or more projectiles with one (1) activation of the trigger or other firing device.

History. Acts 2021, No. 872, § 1.

4-21-104. Marketing of firearms.

A firearm manufactured or sold in Arkansas that is subject to this chapter must have the words "Made in Arkansas" or other words that state that Arkansas is the point of origin of the firearm clearly and conspicuously stamped on a central metallic part such as the receiver or frame.

History. Acts 2021, No. 872, § 1.

4-21-105. Unlawful enforcement of federal statutes.

(a) An employee of a state agency, a public servant of the state, or an agent or employee of the United States Government shall not knowingly enforce or attempt to enforce any act, law, statute, rule, or regulation of the United States Government created or effective on or after January 1, 2021, and relating to a personal firearm, firearm accessory, or ammunition that is owned or manufactured commercially or privately in Arkansas so long as the personal firearm, firearm accessory, or ammunition is within the borders of Arkansas.

(b) A person who violates this section upon conviction is guilty of a Class A misdemeanor.

History. Acts 2021, No. 872, § 1.

CHAPTERS 22-24

[Reserved.]

